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DIRECTORATE OF
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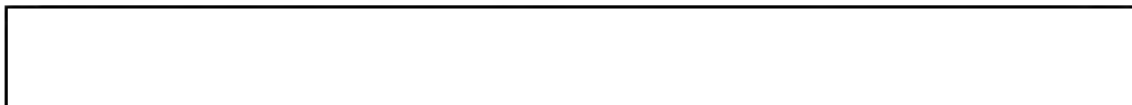
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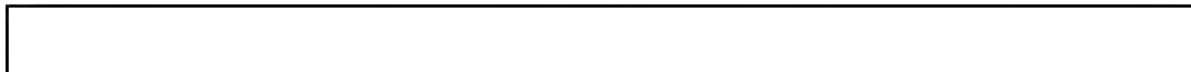


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JAPAN: The first defense policy paper issued since the war provides insights into evolving Japanese attitudes toward military issues.

The cabinet, which approved the paper on 20 October, deleted from the final Defense Agency draft a phrase stating that "defensive" tactical nuclear weapons would be constitutionally permissible, but that "present" government policy was against this move. The revised text notes that even if it is constitutionally possible, the government is adhering to its traditional antinuclear armament policy. Not too long ago, such references to nuclear weapons would have been politically impractical. Also deleted were statements that the US-Japan mutual security treaty should continue "semipermanently" and that Japan would never reintroduce military conscription. The paper's strong emphasis on the purely defensive nature of the military forces was intended to ease fears in Japan and elsewhere that militarism is being revived.

Tokyo, however, is clearly interested in keeping its options open. While the policy guidelines outlined in the paper are relatively cautious, the debate involved in their preparation indicates that there is a small but increasingly vocal group, led by Defense Agency chief Nakasone, favoring a stronger defense posture eventually possibly involving nuclear weapons. Efforts in 1969 to secure final approval for a defense policy draft failed because of the government's desire to avoid controversial issues during the period leading up to the renewal of the US-Japan security treaty last June. [REDACTED]

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COMMUNIST CHINA: Overburdened civil and military authorities continue to be out of step with Peking's policies in many localities.

The regime's growing concern over footdragging and apathy was recently affirmed in a widely disseminated Red Flag article that berated local administrators for constantly complaining "they have too much work to do." Repeated references to the failure of central committee members, top leaders, and senior cadres to adhere to Mao's "revolutionary line" point to a widening gap between demands of the central authorities and lagging performances and suggest that the bargaining between Peking and powerful local interests is not going smoothly.

Many of China's leadership problems are of Peking's own making. Undermanned local governing organs are being urged to push a host of political, social, and economic campaigns comprising often contradictory elements. Rural leaders, for example, are being asked to step up production drives while carrying on unpopular political campaigns which interfere with peasant routine. Officials are being urged to perform lengthy stints of manual labor while at the same time directives are pouring in from Peking and office work is piling up. The result is that harried local authorities are often taking refuge in inertia or returning to bureaucratic practices which were condemned by Mao during the Cultural Revolution. The Red Flag article repeats an ominous-sounding Mao quote to the effect that further campaigns to study his thought "will show who has really learned something," an indication that dissatisfaction with such tactics is mounting in Peking.

A further question raised by the article is the extent to which the pressures on local officials are affecting the top levels of the regime. It seems likely that differences at the top as well as

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between the center and the provinces over policy implementation in large measure necessitated the convening of the party central committee plenum held in Peking last month. The plenum's failure to produce new policy guidelines, coupled with Peking's continuing delay in convening the long-awaited National People's Congress as well as the recent propaganda stress on leadership problems, attest to the seriousness of the difficulties confronting the regime.

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NORTH KOREA - COMMUNIST CHINA: The improvement in relations, underscored by Premier Chou En-lai's visit to Pyongyang earlier this year, has been carried a step further by a new long-term economic agreement.

According to the announcement, it provides for trade for the period 1971-76 and covers the specifics of exchanges to be carried out next year. In addition, it calls for Chinese economic and technical aid to be supplied during the forthcoming five-year period. This is the first long-term assistance provided by the Chinese to the North Koreans since 1964. The presence of China's top military official at the signing ceremonies suggests that the agreement may also involve some military aid.

North Korea relies on foreign assistance to accomplish its development plans. The plan for 1961-67 was extended to 1970, primarily as a result of a hiatus in Soviet aid in the early 1960s when relations with Moscow cooled. North Korea has failed to announce fulfillment of major goals under that plan, but more assistance from China may give greater impetus to the new five-year plan. Pyongyang currently depends on the USSR for its economic aid and about two thirds of its trade with Communist countries.

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BOLIVIA: Two key army units in La Paz have demanded that President Torres hold elections in the near future.

In statements made public on 19 October, the two units called for the "constitutionalization" of the government and withdrawal of military officers from political positions. According to press reports, one commander said that if these and other "proposals" are not met, his unit is prepared to "confront the government in defense of the nation and of the military institution."

Leftist labor, student, and political groups that helped Torres seize power have already issued demands for early elections, as well as calls for political changes that are opposed by the military.

Torres appeared to have rejected the idea of early elections in statements made public on 16 October. He expressed opposition to unrealistic and "obsolete" democratic systems, perhaps referring to existing political parties, and promised to create the conditions for an "adequate and opportune" solution to the election problem. Torres now may try to convince the military that early elections could result in a more radical government because of the political prominence recently gained by leftist leaders.

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ISRAEL: A recent training exercise underscores Israel's continuing efforts to improve its amphibious assault capability.

During the exercise in mid-September at the amphibious training area near Kishon Harbor at Haifa, a US naval attaché observed the stringing of a floating bridge approximately 150 meters long. The bridge could support at least six medium tanks crossing simultaneously at moderate speed. A bridge of this length could span the Suez Canal and represents a significant capability for moving armor into Egypt.

In addition, a number of tanks were loaded onto amphibious transporters and others practiced landings from landing craft. A commando force using half-tracks and small boats also participated in the exercise.

About a year ago, Israel sent a company-sized armored force across the Red Sea to raid the Egyptian coast south of Suez. In that successful operation, tanks were towed over and returned on barges. Following Israel's heliborne assault on Shadwan Island last January, the Israelis used their largest and most recently acquired landing craft to remove troops and equipment. The Israelis have not yet attempted to cross the Suez Canal with armor, but Israeli strategists apparently intend to develop contingency plans.

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LIBYA: The recent shifts in cabinet posts have raised new questions about the unity of the ruling council, but they apparently do not threaten the hold of Premier Qaddafi.

In decisions announced last weekend, the ruling Revolutionary Command Council (RCC) dropped two of its important members from cabinet posts to which they had been appointed only last month. The almost simultaneous announcement of death sentences for four former army officers--accused of treason last year--led to speculation that the RCC members had resigned to protest the severe punishment of their brother officers, but there is no hard evidence to substantiate this.

RCC members often disagree among themselves and, as army officers, must also maintain military support for the regime. A series of recent events, such as the widespread arrests of army officers, has probably caused serious differences of opinion within the military which are doubtless reflected within the RCC itself.

The depth of the divisions in the leadership is still unclear. An Egyptian press report that the deposed cabinet ministers had been "ousted from the RCC" has not been confirmed. Indeed, both of the men have been given important jobs, one of them as head of intelligence. Moreover, Premier Qaddafi made no mention of the changes in a speech last Saturday, and the government-controlled press has apparently treated the matter in a low key.

In the past, the RCC has often acted in response to vocal public opinion. At present, the council appears to be coping with the stresses caused by an earlier quick decision--to re-try the now-condemned officers after they had received only light sentences at their first trial last July. Nevertheless, Premier Qaddafi and Deputy Premier Jallud--the strongest members of the RCC--have so far retained their hold. This will probably prove to be enough to keep the army in line and to keep the RCC in business.

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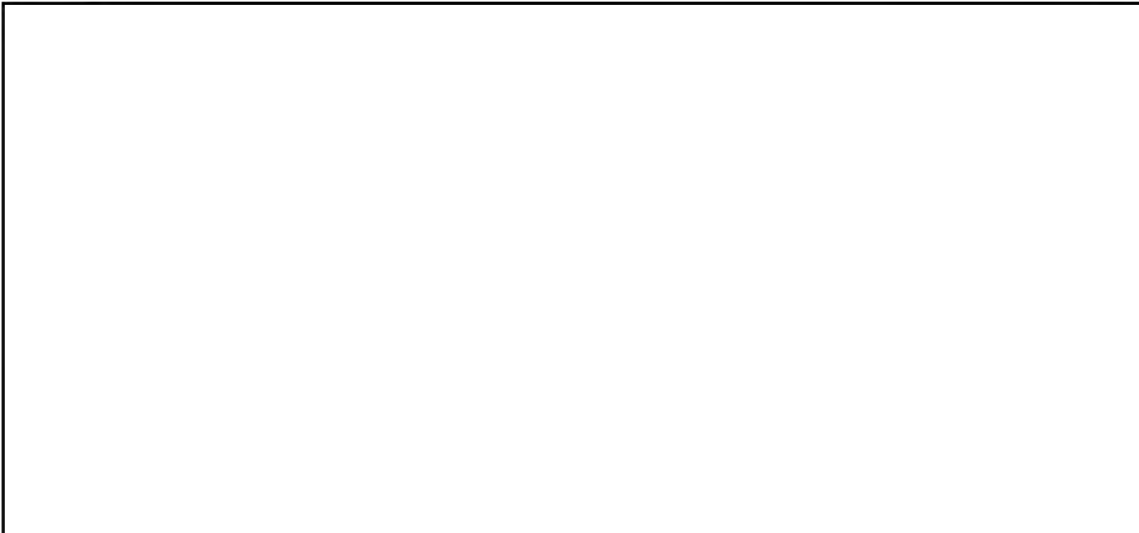
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NOTES

25X1 SYRIA: Defense Minister Asad apparently has ordered President and Premier Atasi removed from his posts. Atasi reportedly still holds on to his job as secretary general of the Syrian Baath party. Newsmen returning from Damascus have seen no signs of tension, and they report that the public has displayed deep apathy toward this intraparty squabble. [REDACTED]

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25X1 FRANCE: The reduction in the discount rate to seven percent--the second reduction in less than two months--will tend to stimulate sluggish sectors of the economy, such as consumer durables and construction. The government apparently now feels able to take another cautious step in easing the stringent credit restrictions applied at the time of devaluation in August 1969. Since that time the franc has been strengthened, official reserves of gold and foreign exchange have increased steadily, and foreign trade has remained in approximate balance. [REDACTED]

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IRELAND: Settlement of the 22-week strike against 900 banks and branches promises increased headaches for the government. Salary increases of 24 to 37 percent greatly exceed Dublin's target of 7 percent and the year's average of 12 percent. Moreover, the Irish balance of payments will deteriorate as imports rise rapidly owing to importers' use of domestic credit lines, which were lost when the banks closed last spring. [REDACTED]

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 20 October 1970 approved the following national intelligence estimate:

NIE 31/32-70 "Long-Term Prospects in India
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